

Message Text

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DRAFTED BY AF/W:HKWALKER/MPH

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EB/IFD/OIA-TBRODERICK

AF-MR.BLAKE

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FM SECSTATE WASHDC

TO AMEMBASSY LAGOS

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LIMDIS

E.O. 11652: N/A

TAGS: BGEN, NI

SUBJECT: AMERICAN INTERNATIONAL INSURANCE COMPANY
NEGOTIATIONS

REF: STATE 272127

1. IN DISCUSSIONS WITH DEPUTY ASSISTANT SECRETARY BLAKE TODAY, SHELPS AND COX REVIEWED AIIC'S PROBLEMS IN NIGERIA. THEY BELIEVE CRUX OF THEIR DIFFICULTY IS THAT NIGERIANS DO NOT FULLY UNDERSTAND TECHNICALITIES OF LIFE INSURANCE OPERATIONS AND PARTICULARLY HOW AIIC'S OPERATION DIFFERS FROM THAT OF OTHER COMPANIES IN NIGERIA. ESPECIALLY IMPORTANT IS AIIC'S ACCOUNTING METHOD WHICH, ALONG WITH OTHER OPERATIONAL PROCEDURES, GIVES ITS SHARES HIGHER VALUE THAN SHARES OF COMPANIES OPERATING UNDER METHODS TRADITIONALLY USED BY BRITISH AND NIGERIANS. THUS, SHELPS AND COX PLACE GREAT EMPHASIS ON BUYING TIME TO CAREFULLY PREPARE AND DOCUMENT THEIR POSITION AND TO EDUCATE NIGERIANS ON FACTS.

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2. SHELPS AND COX REALIZE IMPORTANCE TO PRESENT DISPUTE OF

PERSONALITIES SUCH AS ADESOYE, AS WAS MRS. WAJA-WASSIAMA TO AIIC'S 1972-73 DISPUTE WITH FMG. THEY BELIEVE IT WOULD BE HELPFUL IF COX COULD HAVE PRIVATE SESSION WITH ADESOYE SO THAT LATTER'S MISCONCEPTIONS ABOUT AIIC'S OPERATIONS COULD BE CORRECTED WITHOUT LOSS OF FACE FOR HIM THAT APPARENTLY OCCURRED IN NEGOTIATIONS EARLIER THIS MONTH.

3. COX, WHO EXPERIENCED IN SIMILAR NEGOTIATIONS FOR PARENT COMPANY'S OPERATION IN ASIA AND EAST AFRICA, FULLY AWARE THAT ADESOYE'S TOUGH OPENING POSITION MAY REPRESENT PERSONAL BRAVADO FROM WHICH FMG CAN BACK AWAY IF ADESOYE NOT SUCCESSFUL.

4. FOR ALL ABOVE REASONS, SHELPS AND COX BELIEVE MOST USEFUL ROLE EMBASSY CAN PLAY NOW IS ATTEMPT PERSUADE FMG TO GIVE NEGOTIATIONS WITH AIIC TIME TO BE CONDUCTED WITH FULL UNDERSTANDING OF FACTS, AND THAT AIIC APPROACHING TALKS IN GOOD FAITH. FYI ONLY. COX CLEARLY INDICATED AIIC WANTS CONTINUE TO OPERATE IN NIGERIA, EVEN THOUGH HE EXPECTS COMPANY MAY BECOME 100 PERCENT NIGERIAN OWNED WITHIN NEXT 5 YEARS, LEAVING PARENT COMPANY WITH ONLY REINSURING BUSINESS. END FYI.

5. REQUEST EMBASSY REPORT WHAT BASIS EXISTS FOR FMG ACQUISITION OF INSURANCE COMPANY SHARES, OTHER THAN BRIGGS'S PRESS CONFERENCE ANNOUNCEMENT OF POLICY 16 FEBRUARY 1973 (LAGOS 1438). IS THERE PUBLISHED DECREE OR OTHER LEGAL INSTRUMENT? INGERSOLL

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